

**ASSEMBLY BILL**

**No. 689**

**Introduced by Assembly Member Horton**

February 19, 2003

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An act to add Article 2.5 (commencing with Section 8546.9) to Chapter 6.5 of Division 1 of Title 2 of the Government Code, relating to state regulatory agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 689, as introduced, Shirley Horton. State regulatory agencies: audits.

Existing law requires the State Auditor to conduct financial and performance audits as directed by statute, and to conduct any audit of a state or local governmental agency or any other publicly created entity that is requested by the Joint Legislative Audit Committee, subject to specified criteria.

This bill would additionally require the State Auditor, by January 1, 2010, to conduct a performance audit of each state regulatory agency, as defined, subject to specified exceptions. The bill would require the State Auditor to hold a public hearing after each audit report has been completed, for purposes of reviewing the report. It would require a copy of the report to be made available to the Legislature and the Governor.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Article 2.5 (commencing with Section 8546.9) is added to Chapter 6.5 of Division 1 of Title 2 of the Government Code, to read:

Article 2.5. Audits of State Regulatory Agencies

8546.9. The Legislature finds and declares that state government actions have produced a substantial increase in the number of agencies, growth of programs, and proliferation of rules and regulations and that many bureaucracies have developed without sufficient oversight or regulatory accountability. The Legislature further finds and declares that by establishing a comprehensive system for the fiscal and performance audit of these agencies, it will be in a better position to evaluate and improve the efficiency of present and future regulatory bodies.

8546.92. As used in this article:

(a) "State agency" means any state office, officer, department, division, bureau, board, commission, and body.

(b) "Regulation" means every rule, regulation, order, or standard of general application or the amendment, supplement, or revision of any such rule, regulation, order, or standard adopted by any state agency to implement, interpret, or make specific the law enforced or administered by it, or to govern its procedure, except one that relates only to the internal management of a state agency.

(c) "State regulatory agency" means any state agency that issues regulations, except for the following:

(1) State agencies provided for in the California Constitution.

(2) The members of the State Board of Equalization.

(3) The Regents of the University of California, the Trustees of the California State University and Colleges, and the Board of Governors of the California Community Colleges.

(4) State agencies created by initiative, including, but not limited to, the Fair Political Practices Commission.

(5) The state retirement systems.

(6) The office of the Governor.

(7) The Lieutenant Governor.

(8) The Attorney General.

(9) The Controller.

1 (10) The Secretary of State.

2 (11) The Treasurer.

3 (12) The judiciary.

4 (13) The Legislative Counsel Bureau.

5 (14) The Bureau of State Audits.

6 (15) Any other elected officer or his or her immediate personal  
7 staff.

8 8546.95. (a) The State Auditor shall cause to be conducted a  
9 performance audit of each state regulatory agency. Upon  
10 completion of each audit report, the State Auditor shall hold a  
11 public hearing for purposes of review of the report. A copy of the  
12 report shall be made available to each Member of the Legislature  
13 and the Governor.

14 (b) The State Auditor shall conduct approximately 20 percent  
15 of all audits to be performed pursuant to this section each year until  
16 an audit of each state regulatory agency is completed. All of the  
17 audits required by this article shall be completed by January 1,  
18 2010.

